

The Catholic Archbishop of Omaha

**Financial Statements and
Independent Auditors' Report**

June 30, 2020 and 2019



The Catholic Archbishop of Omaha

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INDEPENDENT AUDITORS' REPORT

The Archbishop
The Catholic Archbishop of Omaha
Omaha, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of The Catholic Archbishop of Omaha (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Catholic Archbishop of Omaha as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – New Accounting Pronouncements

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Lutz Company, P.C.

November 9, 2020

The Catholic Archbishop of Omaha

Statements of Financial Position

June 30, 2020 and 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,036,655	\$ 1,157,040
Restricted Cash and Cash Equivalents		
Board Designated	1,131,068	1,251,339
Donor Restricted - Temporary in Nature	1,326,344	1,593,956
Parish Assessments Receivable	47,223	60,863
Other Current Assets	389,118	801,191
Total Current Assets	4,930,408	4,864,389
PROPERTY, BUILDINGS, AND EQUIPMENT, NET	10,078,004	11,882,475
OTHER ASSETS		
Investments	6,478,616	4,076,050
Board Designated Investments	13,248,634	11,071,897
Investments with Donor Restrictions Temporary in Nature	29,151,485	34,219,311
Cash Surrender Value of Life Insurance	158,285	183,275
Prepaid Pension Cost	2,775,484	3,857,832
Notes Receivable, Related Party	4,738,564	5,873,564
Total Other Assets	56,551,068	59,281,929
TOTAL ASSETS	\$ 71,559,480	\$ 76,028,793
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Special Collections Payable	\$ 140,152	\$ 225,385
Capital Campaign Payable	6,027	12,144
Other Current Liabilities	743,742	1,224,161
Insurance Claims Reserve	3,746,120	3,548,789
Total Current Liabilities	4,636,041	5,010,479
LONG-TERM LIABILITIES		
Paycheck Protection Program Loan	1,601,750	-
Total Liabilities	6,237,791	5,010,479
COMMITMENTS AND CONTINGENCIES (Note 13)		
NET ASSETS		
Without Donor Restrictions	30,168,776	30,508,716
With Donor Restrictions	35,152,913	40,509,598
Total Net Assets	65,321,689	71,018,314
TOTAL LIABILITIES AND NET ASSETS	\$ 71,559,480	\$ 76,028,793

See Notes to Financial Statements.

The Catholic Archbishop of Omaha

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions	\$ 1,937,865	\$ 4,742,211	\$ 6,680,076
Capital Campaign Contributions	-	514,803	514,803
Assessments	6,333,859	-	6,333,859
Program and Other Fees	3,616,249	-	3,616,249
Investment Income, Net of Investment Fees	520,007	658,476	1,178,483
Gain on Sale of Property, Buildings, and Equipment	975,630	-	975,630
Other	1,530,208	-	1,530,208
Assets Released from Restrictions	11,272,175	(11,272,175)	-
Total Revenues, Gains, and Other Support	26,185,993	(5,356,685)	20,829,308
EXPENSES AND DISBURSEMENTS:			
Pastoral Education Services	8,510,897	-	8,510,897
Religious Stewardship Formation	3,136,910	-	3,136,910
Ministries	7,243,557	-	7,243,557
Capital Campaign	4,727,254	-	4,727,254
Administrative Services	2,449,431	-	2,449,431
Total Expenses and Disbursements	26,068,049	-	26,068,049
Increase (Decrease) in Net Assets before Pension-Related Changes Other than Net Periodic Pension Cost	117,944	(5,356,685)	(5,238,741)
Pension-Related Changes Other than Net Periodic Cost	(457,884)	-	(457,884)
Change in Net Assets	(339,940)	(5,356,685)	(5,696,625)
NET ASSETS:			
Beginning of Year	30,508,716	40,509,598	71,018,314
END OF YEAR	\$ 30,168,776	\$ 35,152,913	\$ 65,321,689

See Notes to Financial Statements.

The Catholic Archbishop of Omaha

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions	\$ 2,315,238	\$ 5,591,967	\$ 7,907,205
Capital Campaign Contributions	-	705,290	705,290
Assessments	7,597,870	-	7,597,870
Program and Other Fees	3,219,115	-	3,219,115
Investment Income, Net of Investment Fees	950,489	1,772,756	2,723,245
Loss on Disposal of Property, Buildings, and Equipment	(16,906)	-	(16,906)
Other	1,152,980	-	1,152,980
Assets Released from Restrictions	8,364,391	(8,364,391)	-
Total Revenues, Gains, and Other Support	23,583,177	(294,378)	23,288,799
EXPENSES AND DISBURSEMENTS:			
Pastoral Education Services	8,082,907	-	8,082,907
Religious Stewardship Formation	3,199,329	-	3,199,329
Ministries	7,148,920	-	7,148,920
Capital Campaign	2,163,874	-	2,163,874
Administrative Services	2,357,597	-	2,357,597
Total Expenses and Disbursements	22,952,627	-	22,952,627
Increase (Decrease) in Net Assets before Pension-Related Changes Other than Net Periodic Pension Cost	630,550	(294,378)	336,172
Pension-Related Changes Other than Net Periodic Cost	(1,642,881)	-	(1,642,881)
Change in Net Assets	(1,012,331)	(294,378)	(1,306,709)
NET ASSETS:			
Beginning of Year	31,521,047	40,803,976	72,325,023
END OF YEAR	\$ 30,508,716	\$ 40,509,598	\$ 71,018,314

See Notes to Financial Statements.

The Catholic Archbishop of Omaha

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (5,696,625)	\$ (1,306,709)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	680,550	651,479
Pension-Related Changes Other than Net Periodic Pension Cost	457,884	1,642,881
Net Realized Gains on Sale of Investments	(17,542)	(99,857)
Net Change in Unrealized Gains on Investments	137,785	(1,367,789)
Loss (Gain) on Disposal of Property, Buildings, and Equipment	(975,630)	16,906
Forgiveness of Notes Receivable, Related Party	1,225,000	-
Contributions of Investments	(451,028)	(292,461)
Proceeds from Sale of Contributions of Investments	451,028	292,461
Decrease in Cash Surrender Value of Life Insurance	24,990	16,661
Decrease (Increase) in Assets:		
Parish Assessment Receivable	13,640	(9,548)
Other Current Assets	412,073	(44,512)
Prepaid Pension Cost	624,464	149,168
Increase (Decrease) in Liabilities:		
Special Collections Payable	(85,233)	15,186
Capital Campaign Payable	(6,117)	(21,680)
Other Current Liabilities	(480,419)	403,341
Insurance Claims Reserve	197,331	(13,605)
Net Cash Provided by (Used in) Operating Activities	<u>(3,487,849)</u>	<u>31,922</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Property, Buildings, and Equipment	3,258,303	-
Purchase of Property, Buildings, and Equipment	(1,158,752)	(5,085,873)
Proceeds from Sales of Investments	7,795,445	7,186,037
Purchase of Investments	(7,427,165)	(12,905,720)
Net Issuance of Notes Receivable, Related Party	(90,000)	(173,564)
Net Cash Provided by (Used in) Investing Activities	<u>2,377,831</u>	<u>(10,979,120)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	1,601,750	-
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	491,732	(10,947,198)
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning of Year	4,002,335	14,949,533
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, End of Year	<u>\$ 4,494,067</u>	<u>\$ 4,002,335</u>

See Notes to Financial Statements.

The Catholic Archbishop of Omaha

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 2,036,655	\$ 1,157,040
Restricted Cash and Cash Equivalents		
Board Designated	1,131,068	1,251,339
Donor Restricted - Temporary in Nature	1,326,344	1,593,956
Total Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	\$ 4,494,067	\$ 4,002,335
NONCASH INVESTING AND FINANCING ACTIVITIES		
Contributions of Investments	\$ 451,028	\$ 292,461
Forgiveness of Notes Receivable, Related Party	1,225,000	-

See Notes to Financial Statements.

The Catholic Archbishop of Omaha

Statement of Functional Expenses

Year Ended June 30, 2020

	Pastoral Education Services	Religious Stewardship Formation	Ministries	Capital Campaign	Administrative Services	Total
Salaries	\$ 2,833,861	\$ 702,377	\$ 1,738,397	\$ -	\$ 562,429	\$ 5,837,064
Benefits	1,054,404	174,398	612,862	-	209,475	2,051,139
Operating	3,072,725	255,984	3,690,050	-	1,041,204	8,059,963
Depreciation	294,118	-	250,322	-	136,110	680,550
Utilities and Maintenance	336,579	19,128	227,483	-	115,338	698,528
Fundraising	-	253,489	-	91,922	-	345,411
Contributions	919,210	1,731,534	724,443	4,635,332	384,875	8,395,394
	<u>\$ 8,510,897</u>	<u>\$ 3,136,910</u>	<u>\$ 7,243,557</u>	<u>\$ 4,727,254</u>	<u>\$ 2,449,431</u>	<u>\$ 26,068,049</u>

See Notes to Financial Statements.

The Catholic Archbishop of Omaha

Statement of Functional Expenses

Year Ended June 30, 2019

	Pastoral Education Services	Religious Stewardship Formation	Ministries	Capital Campaign	Administrative Services	Total
Salaries	\$ 2,788,292	\$ 694,503	\$ 1,704,871	\$ -	\$ 567,531	\$ 5,755,197
Benefits	1,028,808	161,462	581,324	-	194,824	1,966,418
Operating	3,134,616	270,869	3,937,130	-	1,118,950	8,461,565
Depreciation	276,571	-	244,613	-	130,295	651,479
Utilities and Maintenance	477,034	23,401	375,360	-	190,910	1,066,705
Fundraising	-	238,852	-	18,894	-	257,746
Contributions	377,586	1,810,242	305,622	2,144,980	155,087	4,793,517
	<u>\$ 8,082,907</u>	<u>\$ 3,199,329</u>	<u>\$ 7,148,920</u>	<u>\$ 2,163,874</u>	<u>\$ 2,357,597</u>	<u>\$ 22,952,627</u>

See Notes to Financial Statements.

The Catholic Archbishop of Omaha

Notes to Financial Statements

June 30, 2020 and 2019

1. Organization and Summary of Significant Accounting Policies

The Catholic Archbishop of Omaha (the Organization) is a not-for-profit organization established to administer the religious, education, and charitable activities of the Archdiocese of Omaha. The financial statements have been prepared in accordance with *Accounting Principles and Reporting Practices for Churches and Church-Related Organizations* adopted by the United States Conference of Catholic Bishops. The financial statements include all administrative and program offices, departments, and funds of the Organization.

The financial statements do not include the accounts of other related organizations of the Archdiocese of Omaha (the Archdiocese), such as schools, parishes, and cemeteries; FOCCUS, Inc.; the Omaha Archdiocesan Deposit and Loan Fund, Inc.; St. John Paul II Newman Center; and the Omaha Archdiocesan Educational Foundation Inc. and the Omaha Archdiocesan Parish Foundation, Inc. These organizations may or may not be separate legal entities; however, each is an operating entity distinct from the Organization, maintains separate accounts, carries on its own services and programs, and reports annually to its respective constituency.

During 2013, the Organization launched the Ignite the Faith capital campaign. This campaign resulted in intentions to give exceeding \$53 million which will be used to strengthen the Catholic schools and parishes, provide for priests and support the many faith formation efforts across the Archdiocese. The Organization has committed to return to each parish 10% of the total amount raised for its specific needs and 40% to be used for rural Catholic education in the communities served. The amount payable to the parishes as of June 30, 2020 and 2019 is shown separately in the statements of financial position (see Note 11) and the total amount returned to the parishes during the years ended June 30, 2020 and 2019 is included in capital campaign contributions in the statements of functional expenses.

The accounting policies employed in the preparation of these financial statements are as follows:

Basis of Presentation

The Organization follows Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions.

The Organization maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Effective July 1, 2019, the Organization adopted ASU No. 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, on a modified retrospective basis. This standard assists entities in determining 1) whether a transfer of an asset is a contribution or an exchange transaction, and 2) if contributions are conditional or unconditional. There were no significant changes to financial statement line items, and no changes in net assets as a result of adopting this ASU.

The Catholic Archbishop of Omaha

Notes to Financial Statements

June 30, 2020 and 2019

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present balances according to the existence or absence of donor-imposed restrictions. Net assets and related activity are classified as follows:

Net Assets Without Donor Restrictions – Net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Board designated net assets are set aside to pay future obligations associated primarily with health care.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Net assets restricted by the actions of the Organization and/or the passage of time are temporary in nature. When a restriction expires, net assets with donor restrictions temporary in nature are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Other donor-imposed stipulations are permanent in nature and require that principal be maintained in perpetuity by the Organization. At June 30, 2020 and 2019, the Organization had no net assets with donor restrictions permanent in nature.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions, in which case, the revenues are reported as increases in net assets with donor restrictions. If, however, the donor restriction expires in the same fiscal year in which the revenue is recognized, the revenues are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Revenues and expenses are recognized when earned and incurred, respectively. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The Catholic Archbishop of Omaha

Notes to Financial Statements

June 30, 2020 and 2019

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all investments with an original maturity of three months or less to be cash and cash equivalents, excluding cash and cash equivalents held within investments. The Organization considers all cash and cash equivalents designated for the priest and lay health insurance plans to be Board designated cash and cash equivalents. The Organization also considers all cash and cash equivalents designed for long-term purposes or received with donor-imposed restrictions limiting their use to be restricted cash and cash equivalents. This includes cash restricted by donors for the annual appeal and capital campaign.

Concentration of Credit and Market Risk

The Organization's financial instruments consisting of cash and cash equivalents, investments, and parish assessments receivable potentially expose the Organization to concentrations of credit and market risk.

The Organization maintains its cash and cash equivalents in bank accounts in which the balances sometimes exceed federally insured levels. These bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) with coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules. During 2020 and 2019, amounts in the Organization's bank accounts have exceeded FDIC coverage limits. The Organization has entered into a cash management agreement with its main bank, covering the operating, Annual Appeal, and Ignite the Faith accounts, whereby all amounts above FDIC insured limits are secured with overnight repurchase agreements of the bank's government securities.

The Organization maintains additional bank accounts which are not covered by a cash management agreement. At June 30, 2020 and 2019 there was a cash balance in excess of FDIC limits at these banks of approximately \$132,000 and \$407,000, respectively.

The Organization invests in a professionally managed portfolio that contains marketable securities. Such investments are exposed to various risks such as credit and market. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

The parish assessment receivable balances of \$47,223 and \$60,863 at June 30, 2020 and 2019, respectively, relate to assessments due from related entities.

The Catholic Archbishop of Omaha

Notes to Financial Statements

June 30, 2020 and 2019

Investments

Investments are stated at fair value in the statements of financial position; securities traded on a national securities exchange are valued at quoted market prices. Changes in net unrealized holding gains and losses, realized gains and losses, and investment income are included in the statements of activities and changes in net assets and result in increases or decreases to net assets without donor restrictions unless their use is restricted to a specified purpose of future period. Investment income is recorded as earned. Realized gains and losses are determined by specifically identifying the investment sold.

Property, Buildings, and Equipment

Property, buildings, and equipment are stated at cost or, in the case of gifts, fair market value at the date of donation. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property disposals are recognized in the year of disposal.

Buildings and equipment are depreciated using the straight-line method over their estimated useful lives, which are as follows:

Buildings and Leasehold Improvements	10 – 39 years
Machinery and Equipment	5 – 7 years
Furniture and Fixtures	5 – 7 years
Transportation	5 – 7 years

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment existed for the years ended June 30, 2020 and 2019.

Fair Value of Financial Instruments

The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Organization determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market.

The Catholic Archbishop of Omaha

Notes to Financial Statements

June 30, 2020 and 2019

Special Collections Payable

Special collections payable represents assets entrusted to the Organization only for the purposes of receiving, holding, and disbursing such funds according to the depositors' intentions.

Insurance Claim Reserve

The Archdiocese is subject to various risks of loss related to workers' compensation, general liability, and property insurance. The Organization has purchased commercially available indemnity insurance to cover these risks.

The Archdiocese is self-insured for healthcare, dental, and prescription drugs up to \$300,000 for lay employees and \$100,000 for priests at June 30, 2020 and 2019. The insurance claims reserve represents estimates for reporting claims and an estimate for incurred claims but not reported based on actual historical claims.

Paycheck Protection Program Loan

The Organization was granted a loan from a bank pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (CARES Act), which was enacted March 27, 2020 (the "PPP loan"). See Note 7.

The PPP loan may be repaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the PPP loan may only be used for payroll costs, costs to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Under the terms of the PPP loan, the loan may be forgiven if the funds are used for qualifying expenses as described in the CARES Act. The Organization intends to use the entire PPP loan amount for qualifying expenses.

The Organization has elected to account for the PPP loan as a financial liability under long-term debt in accordance with FASB ASC 470, Debt. In accordance with FASB ASC 405-20-40-1, Extinguishment of Liabilities, the Organization will not recognize any income from the extinguishment of its debt until the Organization has been legally released as the primary obligor under the loan by the Small Business Administration. Any amount forgiven when the Organization is legally released as the primary obligor under the loan will be recognized in the statement of activities and changes in net assets as a gain from the extinguishment of the loan.

Revenue Recognition

In July 2019, the Organization adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09") using the modified retrospective transition method, which allows entities to apply the standard prospectively and record a cumulative-effect adjustment to net assets in the period the standard is first applied. The Organization elected to apply the standard only to contracts that were not completed as of the adoption date. The Organization's adoption of ASU 2014-09 did not have a material impact on the financial statements and no cumulative-effect adjustment was recorded.

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Notes to Financial Statements

June 30, 2020 and 2019

ASU 2014-09 outlines a single comprehensive model to account for revenue arising from contracts with customers. Revenue is recognized for the transfer of promised goods or services to customers in an amount that reflects the transaction price to which the entity expects to be entitled in exchange for those goods and services. ASU 2014-09 enhances revenue disclosures to allow users to better understand the nature, amount, timing and uncertainty of revenue.

Contributions and Capital Campaign Contributions

Contributions and capital campaign contributions that do not meet the definition of an exchange transaction in accordance with ASU 2014-09 are accounted for under the guidance in Accounting Standards Codification 958 "Not-for-Profit Entities." Contributions and capital campaign contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions of donated non-cash assets and investment securities are recorded at estimated fair value when received. The Organization's policy is to sell donated securities as soon as administratively feasible upon receipt of the securities.

The Organization recognizes contributions received as intentions to give rather than unconditional promises to give. Intentions to give are not recorded in the financial statements as a receivable since the donor has the ability to rescind their intention at any time. As of June 30, 2020, there were approximately \$450,000 intentions to give related to the Ignite the Faith campaign which are not reflected in the accompanying financial statements. These amounts will be reported as contribution revenue in future years when the cash is received.

Assessments

Assessment revenue consists of parish assessments that are paid to support the cost to run the Archdiocese. Parishes are obligated to pay their assessment each month.

Assessment revenues are recognized monthly when billed. The assessment amounts are determined annually in July for every parish. The amounts are based on a six-year average of Sunday collections, with discounts given to parishes that have or support a rural high school.

During the year ended June 30, 2020, the Organization did not charge assessments for March and April 2020 totaling approximately \$1,200,000.

Program and Other Fees

Program and other fees consist of fees that customers pay to participate in various sponsored events and training sessions. Customers can terminate their agreement at any time, but refunds of program services are not common.

Program and other fees are recognized when obligations under the terms of the agreement with the customer are satisfied, which is generally at a point in time when the program service is provided. The transaction price is determined based on an estimate of the total fees expected to be collected based on historical experience. Program agreements have a single performance obligation and are short-term in nature. Program and other fees are typically paid in advance of the program services.

The Catholic Archbishop of Omaha

Notes to Financial Statements

June 30, 2020 and 2019

Contributed Services

A number of volunteers have contributed various services to the Organization. The value of such services has not been recorded. In addition, the Organization contributes various personnel services, including accounting and human resources, to other related entities without charge. The cost of these services is reflected in salaries expense in the statements of functional expenses.

Pension Plan

The Organization recognizes the funded status of the defined benefit pension plan as a net asset or liability, and recognizes changes in that funded status in the year in which the changes occur through other changes in net assets, to the extent those changes are not included in the net periodic pension cost.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Costs are allocated to each functional expense category based on the specific departments benefited by the expense. Certain categories of expenses are attributable to more than one department. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and other expenses. Salaries and related expenses for certain individuals performing tasks in multiple functional expense categories are allocated based on estimates of time and effort. Administrative services expenses such as depreciation, utilities and maintenance, information technology, finance, human resources and insurance are allocated partially to other departments based on estimates of time and usage. Allocation percentages are reviewed for accuracy at least annually. The total allocated during the period and the portions allocated to each functional expense category are disclosed in the statements of functional expenses under the columns labeled pastoral education services, religious stewardship formation, ministries, capital campaign, and administrative services.

Income Taxes and Unemployment Taxes

The Organization is exempt from federal income taxes and unemployment taxes as an organization listed in the 2020 edition of the Official Catholic Directory.

The Organization applies the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, included in ASC Subtopic 740-10, *Income Taxes – Overall*. ASC 740-10 provides specific guidance on how to address uncertainty in accounting for income tax assets and liabilities, prescribing recognition thresholds and measurement attributes. At June 30, 2020 and 2019, the Organization had no uncertain tax positions.

The Organization is no longer subject to income tax examinations by federal, state, or local tax authorities for years before June 30, 2017.

The Catholic Archbishop of Omaha

Notes to Financial Statements

June 30, 2020 and 2019

Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the 2020 presentation.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through November 9, 2020, noting no items requiring disclosure.

2. Liquidity and Cash Management

The following reflects the Organization's financial assets at June 30, 2020 reduced by amounts not available for general use within one year of the date of the statement of financial position because of contractual or donor-imposed restrictions or internal designations.

Financial Assets at June 30, 2020	\$ 58,450,095
Less Amounts Unavailable for General Expenditures Within One Year Due to:	
Board Designations:	
Cash and Cash Equivalents	(1,131,068)
Investments	(13,248,634)
Amounts With Donor Restrictions Temporary in Nature:	
Cash and Cash Equivalents	(1,326,344)
Investments	(29,151,485)
Notes Receivable, Related Party	<u>(4,738,564)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 8,854,000</u>

The Organization manages its liquid resources by structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of daily requirements in commercial money market instruments. If needed, the Organization could draw upon its two \$2,000,000 lines of credit (see Note 6) or its Board designated funds with Board approval.

The Catholic Archbishop of Omaha

Notes to Financial Statements

June 30, 2020 and 2019

3. Property, Buildings, and Equipment

Property, buildings, and equipment at June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Land and Land Improvements	\$ 4,114,440	\$ 4,697,189
Buildings and Leasehold Improvements	8,367,779	21,127,073
Machinery and Equipment	810,723	1,372,038
Furniture and Fixtures	132,740	320,362
Transportation	134,890	183,474
	<u>13,560,572</u>	<u>27,700,136</u>
Less Accumulated Depreciation	3,482,568	15,817,661
	<u>\$ 10,078,004</u>	<u>\$ 11,882,475</u>

During the year ended June 30, 2019, the Organization acquired land and building located at 2222 North 111th Street in Omaha for \$4,879,417. During the year ended June 30, 2020, the property began to be used as the combined Chancery operations. The Organization vacated and sold the previous Chancery building on North 62nd Street and the Sheehan Campus located at 60th and Northwest Radial for total proceeds of approximately \$3,200,000 and a net gain of approximately \$975,000.

The Archdiocese holds title to certain land and buildings occupied by three Archdiocesan high schools. The original cost of the land of approximately \$961,000 and buildings of approximately \$25,000,000 are not included in the statements of financial position of the Organization.

4. Investments

Investments are composed of the following at June 30, 2020 and 2019:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Certificates of Deposit	\$ 5,115	\$ 5,115	\$ 5,115	\$ 5,115
Corporate Bonds	3,158,960	3,263,069	4,877,571	5,031,613
Exchange-Traded Fund	-	-	13,922	14,492
Mutual Funds	508,051	670,273	517,673	550,431
Cash Funds	8,933,357	8,933,357	11,122,607	11,122,607
U.S. Government Securities	2,817,314	2,921,859	3,162,751	3,281,362
Municipal Bonds	1,717,551	1,799,362	2,950,397	3,009,058
Other Bonds	186,602	192,388	629,460	635,605
Mortgage-Backed Securities	2,423,493	2,494,895	3,110,660	3,145,790
Preferred Stock	805,946	778,434	1,479,288	1,477,734
Stocks and Equities	26,558,797	27,400,094	19,596,480	20,642,169
Other	891,568	419,889	891,568	451,282
Total Investments	<u>\$ 48,006,754</u>	<u>\$ 48,878,735</u>	<u>\$ 48,357,492</u>	<u>\$ 49,367,258</u>

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Notes to Financial Statements

June 30, 2020 and 2019

Reconciliation to the statements of activities for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Net Unrealized Gains (Losses), Beginning of Year	\$ 1,009,766	\$ (358,023)
Net Unrealized Gains, End of Year	871,981	1,009,766
Change in Unrealized Gains and Losses	(137,785)	1,367,789
Realized Gains	17,542	99,857
Interest and Dividends, Net of Investment Fees	1,298,726	1,255,599
Total Investment Income, Net	<u>\$ 1,178,483</u>	<u>\$ 2,723,245</u>

Investments by net asset classification as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Investments	\$ 6,478,616	\$ 4,076,050
Board Designated Investments	13,248,634	11,071,897
Investments with Donor Restrictions Temporary in Nature	29,151,485	34,219,311
	<u>\$ 48,878,735</u>	<u>\$ 49,367,258</u>

5. Fair Value Measurements

Fair Value Hierarchy

The Organization applies the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC 820 clarified that fair value should be measured at the exit price, which is the price to sell an asset or transfer a liability. The exit price may or may not equal the transaction price and the exit price objective applies regardless of the intent or ability to sell the asset or transfer the liability at the measurement date. ASC 820 also clarified that nonperformance risk, including an issuer's credit standing, should be considered when measuring liabilities at fair value. ASC 820 also requires enhanced disclosures and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values giving the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Unadjusted quoted prices available in active markets that are accessible at the measurement date for identical assets or liabilities. This level primarily consists of financial instruments such as exchange-traded securities.

Level 2 – Pricing inputs include quoted prices for identical or similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs reflect management’s best estimates of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Certificates of Deposit: Valued at original cost plus accrued interest, which approximates fair value.

Bonds and Preferred Stock: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings.

Other Investments: Other investments include a member interest in the Catholic Umbrella Pool. Members share in the operating and investment income and expenses of the Pool based on their contributions to the fund for each fiscal year.

Stocks and Equities: Valued at the daily close price as reported by the security. Stocks and equities held by the Organization are deemed to be actively traded.

Cash Funds, Mutual Funds, and Exchange-Traded Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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Notes to Financial Statements

June 30, 2020 and 2019

The following table presents the placement in the fair value hierarchy of assets that are measured at fair value on a recurring basis (including items that are required to be measured at fair value and items for which the fair value option has been elected) at June 30, 2020 and 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2020</u> <u>Total</u>
Investments:				
Cash Funds	\$ 8,933,357	\$ -	\$ -	\$ 8,933,357
Mutual Funds	670,273	-	-	670,273
Certificates of Deposit	-	5,115	-	5,115
Preferred Stock	-	778,434	-	778,434
Stocks and Equities:				
Consumer Discretionary	2,921,409	-	-	2,921,409
Consumer Staples	2,138,772	-	-	2,138,772
Energy	763,639	-	-	763,639
Financials	3,935,738	-	-	3,935,738
Health Care	2,921,247	-	-	2,921,247
Industrials	3,325,225	-	-	3,325,225
Information Technology	5,858,914	-	-	5,858,914
Materials	1,164,181	-	-	1,164,181
Real Estate	847,987	-	-	847,987
Telecommunication Services	2,474,119	-	-	2,474,119
Utilities	1,048,863	-	-	1,048,863
Bonds:				
Corporate Bonds	-	3,263,069	-	3,263,069
U.S. Government Securities	-	2,921,859	-	2,921,859
Mortgage-Backed Securities	-	2,494,895	-	2,494,895
Municipal Bonds	-	1,799,362	-	1,799,362
Other Bonds	-	192,388	-	192,388
Other Investments	-	419,889	-	419,889
	<u>\$ 37,003,724</u>	<u>\$ 11,875,011</u>	<u>\$ -</u>	<u>\$ 48,878,735</u>

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June 30, 2020 and 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2019 Total</u>
Investments:				
Cash Funds	\$ 11,122,607	\$ -	\$ -	\$ 11,122,607
Exchange-Traded Fund	14,492	-	-	14,492
Mutual Funds	550,431	-	-	550,431
Certificates of Deposit	-	5,115	-	5,115
Preferred Stock	-	1,477,734	-	1,477,734
Stocks and Equities:				
Consumer Discretionary	2,023,031	-	-	2,023,031
Consumer Staples	1,526,065	-	-	1,526,065
Energy	1,112,588	-	-	1,112,588
Financials	3,517,196	-	-	3,517,196
Health Care	1,787,921	-	-	1,787,921
Industrials	2,585,220	-	-	2,585,220
Information Technology	3,200,395	-	-	3,200,395
Materials	860,086	-	-	860,086
Real Estate	1,444,359	-	-	1,444,359
Telecommunication Services	1,901,064	-	-	1,901,064
Utilities	684,244	-	-	684,244
Bonds:				
Corporate Bonds	-	5,031,613	-	5,031,613
U.S. Government Securities	-	3,281,362	-	3,281,362
Mortgage-Backed Securities	-	3,145,790	-	3,145,790
Municipal Bonds	-	3,009,058	-	3,009,058
Other Bonds	-	635,605	-	635,605
Other Investments	-	451,282	-	451,282
	<u>\$ 32,329,699</u>	<u>\$ 17,037,559</u>	<u>\$ -</u>	<u>\$ 49,367,258</u>

6. Financing Arrangement

The Organization has available two unsecured lines of credit totaling \$4,000,000. The first line of credit totaling \$2,000,000 has a variable interest rate based on the current prime rate and subject to a floor of 3.75%. The second line of credit totaling \$2,000,000 has an interest rate of 4.25%. There were no borrowings against either line of credit as of June 30, 2020 and 2019.

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Notes to Financial Statements

June 30, 2020 and 2019

7. Paycheck Protection Program Loan

In April 2020, the Organization applied for and obtained a Paycheck Protection Program (PPP) loan administered by the United States Small Business Administration from its primary lender for \$1,601,750. The loan bears interest at 1%, is due in April 2022 and may be forgiven on or before that date if the funds are used in accordance with program guidance.

8. Restrictions and Limitations on Net Asset Balances

Net assets with donor restrictions that are temporary in nature are available for the following purposes at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Seminary	\$ 24,131,067	\$ 24,562,896
Archbishop's Annual Appeal	4,432,113	4,246,237
Campaign Funds (Ignite the Faith)	2,397,303	6,766,455
Plant Funds	-	463,210
Other Funds (Priest and Lay Well-Being)	3,384,771	3,719,127
Other	807,659	751,673
	<u>\$ 35,152,913</u>	<u>\$ 40,509,598</u>

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of their specified events for the years ended June 30, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Seminary	\$ 1,200,000	\$ 1,200,000
Archbishop's Annual Appeal	4,134,777	4,368,877
Campaign Funds (Ignite the Faith)	4,761,254	2,163,874
Plant Funds	463,210	-
Other Funds (Priest and Lay Well-Being)	473,747	332,750
Other	239,187	298,890
	<u>\$ 11,272,175</u>	<u>\$ 8,364,391</u>

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9. Retirement Plans

The employees of the Archdiocese and its related organizations participate in one of two retirement plans. The priests participate in the Priests' Retirement Plan (Pension Plan). The lay employees participate in the Lay Employees' Retirement Plan (Lay Plan). The Pension Plan and the Lay Plan are exempt from the funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as these have been recognized by the Internal Revenue Service as "church plans." These plans are described as follows:

Lay Plan

The Lay Plan is a 403(b) defined contribution plan. Under the 403(b) plan, all lay employees of the Organization who have completed one year of service and who work at least 1,000 hours per year are eligible to receive employer contributions. The Organization contributes 5% of the employees' annualized gross earnings. Employees are allowed to make salary reduction contributions to the 403(b) plan upon their date of hire. The Organization contributed \$242,218 and \$224,126 in 2020 and 2019, respectively.

Priests' Pension Plan

The Pension Plan, which is a noncontributory defined benefit plan, provides payments to eligible priests at retirement. All priests who are incardinated into the Archdiocese and have at least 10 years of service are eligible to participate as defined by the plan agreement. A priest who retires after attaining age 70 and 10 years of service with institutions of the Archdiocese may receive a retirement benefit. The Pension Plan is a church plan, as defined in Section 414(e) of the IRC.

The Pension Plan provides \$1,560 per month to active and inactive priests who are 70 years and older. The Pension Plan also provides a Medicare premium supplement of \$144.60 per month. The measurement date used to determine pension benefits is June 30.

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June 30, 2020 and 2019

The following table sets forth the Pension Plan's funded status at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Fair Value of Plan Assets, Beginning of Year	\$ 31,139,992	\$ 30,021,317
Actual Return on Plan Assets	1,537,014	1,692,606
Benefits Paid	(1,107,279)	(988,978)
Contributions Net of Extended Care Premiums	363,470	415,047
Fair Value of Plan Assets, End of Year	<u>31,933,197</u>	<u>31,139,992</u>
Benefit Obligation, Beginning of Year	27,282,160	24,371,436
Service Cost	704,540	690,903
Interest Cost	959,454	998,019
Actuarial Gain	1,293,818	1,805,950
Plan Amendment	25,020	404,830
Benefits Paid	(1,107,279)	(988,978)
Benefit Obligation, End of Year	<u>29,157,713</u>	<u>27,282,160</u>
Funded Status at End of Year	<u>\$ 2,775,484</u>	<u>\$ 3,857,832</u>

The following are the actuarial assumptions used by the Pension Plan to develop the pension projected benefit obligation as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Discount Rate	2.90%	3.60%
Expected Benefit Level Per Month	\$ 1,560	\$ 1,525
Expected Long-Term Rate of Return on Plan Assets	4.00%	4.00%

The following is a summary of the components of net periodic pension cost for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Service Cost During the Period	\$ 704,540	\$ 690,903
Interest Cost on Projected Benefit Obligation	959,454	998,019
Expected Return on Plan Assets	(1,233,773)	(1,617,672)
Amortization of Unrecognized:		
Prior Service Cost	300,659	319,845
Loss	257,054	173,120
Net Periodic Pension Cost	<u>\$ 987,934</u>	<u>\$ 564,215</u>

The net loss and prior service credit for the Pension Plan that will be amortized from net assets without donor restrictions into net periodic benefit cost over the next fiscal year are \$289,205 and \$268,381, respectively.

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Notes to Financial Statements

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The following are the actuarial assumptions used by the Pension Plan to develop the components of pension cost for the years ended June 30, 2020 and 2019:

	<u>2020</u>		<u>2019</u>
Discount Rate	3.60%		4.20%
Expected Benefit Level Per Month	\$ 1,560	\$	1,525
Expected Long-Term Rate of Return on Plan Assets	4.00%		4.00%

Amounts recognized in net assets without donor restrictions consist of the following:

	<u>2020</u>		<u>2019</u>
Net Actuarial Loss	\$ 733,523	\$	1,557,896
Prior Service Cost (Credit)	(275,639)		84,985
	<u>\$ 457,884</u>	<u>\$</u>	<u>1,642,881</u>

Amounts recognized in pension-related changes other than net periodic pension cost for the years ended June 30, 2020 and 2019 consist of the following:

	<u>2020</u>		<u>2019</u>
Net Actuarial Loss	\$ 990,577	\$	1,731,016
Prior Service Cost	25,020		404,830
Amortization of Unrecognized:			
Prior Service Cost	(257,054)		(319,845)
Loss	(300,659)		(173,120)
	<u>\$ 457,884</u>	<u>\$</u>	<u>1,642,881</u>

Plan asset and target allocations comprise the following investment classifications at June 30, 2020 and 2019:

<u>Asset Category</u>	<u>Target Allocations</u>	<u>2020</u>	<u>2019</u>
Equity Securities	60%	64%	60%
Debt Securities	39%	34%	38%
Other	1%	2%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Archdiocese's investment objective with respect to the Pension Plan is to produce sufficient current income and capital growth through a portfolio of equity and fixed income investments that, together with appropriate employer contributions, is sufficient to provide for the pension benefit obligations. The Pension Plan's assets are managed by outside investment managers in accordance with the investment policies and guidelines established by the pension trustees, and are diversified by investment style, asset category, sector, industry, issuer, and maturity.

The Archdiocese's overall expected long-term rate of return on assets is 4.00%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the return on individual asset categories. The return is based exclusively on historical returns, without adjustments.

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The benefits to be paid in each of the next five years, and in the aggregate for the five fiscal years thereafter, are summarized in the table below:

2021	\$ 1,194,300
2022	1,205,700
2023	1,238,300
2024	1,271,800
2025	1,305,300
2026-2030	<u>6,694,200</u>
	<u>\$ 12,909,600</u>

The Archdiocese expects to contribute \$327,686 to this postretirement benefit plan during the year ending June 30, 2020.

The asset allocations of the Archdiocese's pension benefits as of June 30, 2020 and 2019 were as follows:

	Fair Value Measurements at			Total
	June 30, 2020			
	Pension Benefits - Plan Assets			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash	\$ 738,505	\$ -	\$ -	\$ 738,505
Mutual Funds:				
Equity Funds	20,350,067	-	-	20,350,067
Fixed-Income Funds	10,844,625	-	-	10,844,625
Total	<u>\$ 31,933,197</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,933,197</u>

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	Fair Value Measurements at June 30, 2019			
	Pension Benefits - Plan Assets			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash	\$ 726,394	\$ -	\$ -	\$ 726,394
Mutual Funds:				
Equity Funds	18,558,438	-	-	18,558,438
Fixed-Income Funds	11,855,160	-	-	11,855,160
Total	<u>\$ 31,139,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,139,992</u>

10. Special Collections Payable

Special collections payable at June 30, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Catholic Relief	\$ 32,467	\$ 93,639
Communications	9,147	12,555
Peter's Pence	10,982	18,729
Campaign for Human Development	4,144	3,781
Religious Pension	20,525	29,859
Rice Bowl	15,497	21,712
Home and Foreign Missions	3,447	-
Black and Indian Missions	27,067	13,632
Other One-Time Collections	16,876	31,478
	<u>\$ 140,152</u>	<u>\$ 225,385</u>

11. Capital Campaign Payable

The capital campaign payable relates to amounts the Organization has committed to return to parishes based on the goals of the Ignite the Faith capital campaign (see Note 1). The \$6,027 and \$12,144 outstanding at June 30, 2020 and 2019, respectively relates to capital campaign collections for the final quarter of fiscal year 2020 and 2019, respectively, which have been committed to the parishes but not yet remitted.

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Notes to Financial Statements

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12. Notes Receivable, Related Party

Notes receivable, related party consists of unsecured notes receivable from St. John Paul II Newman Center, Inc., with interest at 3%, due in March 2021, and a balance of \$4,375,000 and \$5,600,000 at June 30, 2020 and 2019, respectively. During the year ended June 30, 2020, the Organization forgave \$1,225,000 of this note receivable. Notes receivable, related party also consists of a \$500,000 line of credit extended to Madonna School & Community-Based Services with interest at 0%, due August 2021, with balances of \$363,564 and \$273,564 at June 30, 2020 and 2019, respectively.

13. Commitments and Contingencies

Legal Proceedings

In the normal course of business, the Organization becomes a party to a number of lawsuits and claims. There are three cases pending against the Organization:

The first matter involves subpoenas issued upon all churches, schools, and religious order schools within the Archdiocese of Omaha and the Diocese of Lincoln by the Nebraska Attorney General's office. On March 1, 2019, the Archdiocese of Omaha, along with the Diocese of Lincoln and all parishes and schools within those dioceses filed a Complaint for Judicial Relief from those subpoenas. This case is titled The Catholic Archbishop of Omaha, Omaha Archdiocesan Parishes, Omaha Archdiocesan Schools, Omaha Religious Order Schools, the Catholic Bishop of Lincoln, Lincoln Diocesan Parishes, and Lincoln Diocesan Schools, in the District Court of Lancaster County, Nebraska (CI-19-639). The Complaint requested that the court order the Attorney General to make the subpoenas more limited in scope and allow the dioceses additional time to respond. A hearing was held on May 2, 2019. On August 6, 2019, the District Court dismissed the Complaint, concluding that the Attorney General was the only party that had standing to bring any action regarding compliance or noncompliance with the subpoenas. Since the Archdiocese of Omaha substantially complied with the subpoena issued upon it, only resisting the production of medical records and confidential settlement agreements, it is unclear whether the Attorney General will seek further compliance with the subpoena.

The second matter was recently filed by an inmate of the Nebraska Department of Corrections against "The Roman Catholic Church", et al., and lists Archbishop George J. Lucas and Pope Francis as Defendants. It is John Pieper v. The Roman Catholic Church, et al., Case No. 4:20-CV-3085, in the United States District Court for the District of Nebraska. In his Amended Complaint, which he filed himself, Mr. Pieper makes various allegations against the Catholic Church but does not state any claims upon which relief can be granted.

The third matter was recently filed against the Archdiocese. It is Andrew J. Syring v. The Archdiocese of Omaha, in the District Court of Cuming County, Nebraska, Case No. CI-20-53. In this case, Andrew Syring, a Catholic Priest, filed a six-count Complaint against the Archdiocese stemming from the publication of Andrew Syring's name on a list of clergy who the Archdiocese has received substantiated allegations of misconduct with and/or the abuse of a minor. The lawsuit seeks \$2,100,000 in damages. The Archdiocese recently removed the action to federal court. The Archdiocese has various meritorious defenses to this suit, including lack of jurisdiction and statute of limitations.

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There also are a number of potential claims made against the Archdiocese for alleged sexual abuse by former Priests of the Archdiocese. These claims have not resulted in the filing of any lawsuits. Management believes the ultimate resolution of this outstanding lawsuit and potential claims will not have a significant effect on the Organization's financial position or operations.

Guaranteed Notes

The Organization has guaranteed various notes of affiliated entities. At June 30, 2020, \$38,546,159 is outstanding on these notes.

The following is a summary of guarantees outstanding at June 30, 2020:

<u>Entity</u>	<u>City</u>	<u>Purpose</u>	<u>Date of Debt</u>	<u>Term (Months)</u>	<u>Interest Rate</u>	<u>June 30, 2020</u>
St. Patrick	Elkhorn	Building of School	9/1/2007	240	2.28	\$ 1,125,000
Archbishop Bergan Catholic Schools	Fremont	Elementary School Construction	10/1/2010	96	3.25	1,072,032
St. Charles Borromeo	Gretna	Construction	5/15/2014	172	3.00	438,163
St. Patrick	Gretna	Purchase House	12/27/2017	240	3.50	188,214
St. Patrick	Gretna	Purchase House	3/30/2018	240	3.50	193,712
Cedar Catholic High School	Hartington	Construction/HVAC	6/20/2014	180	3.50	179,185
Cedar Catholic High School	Hartington	Building Restoration	6/17/2016	180	3.50	532,501
Sacred Heart	Norfolk	School Activity Center	9/2/2005	172	5.00	155,283
Sacred Heart	Norfolk	Operations	6/29/2017	Line of Credit	4.50	124,000
St. Cecilia	Omaha	Refinance	1/9/2018	180	3.50	322,409
St. Peter and Paul	Omaha	Roofing Concrete	10/6/2014	120	3.50	39,742
Immaculate Conception	Omaha	Maintenance Loan	9/17/2015	120	3.50	34,694
Immaculate Conception	Omaha	Gym Roof	11/18/2016	120	3.50	47,298
Immaculate Conception	Omaha	Roof Replacement	12/13/2018	180	3.50	92,077
St. Frances Cabrini	Omaha	HVAC Loan	11/8/2018	240	3.50	28,110
St. Vincent de Paul	Omaha	Construction	6/14/2019	240	3.50	324,660
St. Matthew Bellevue	Omaha	Construction	2/15/2019	120	4.50	5,189,114
Madonna School	Omaha	Operations	8/5/2009	Line of Credit	4.50	126,772
St. John Paul II Newman Center	Omaha	Construction Costs	3/15/2016	60	2.53	8,880,629
St. John Vianney	Omaha	Refinance	8/6/2015	240	3.25	2,083,283
St. Mary Bellevue	Omaha	Roof Replacement	11/16/2016	240	3.50	78,202
Daniel Gross High School	Omaha	Construction	6/13/2016	60	3.50	650,000
St. Columbkille	Papillion	Purchase Property	10/23/2013	180	3.50	62,590
St. Columbkille	Papillion	Purchase Property	2/21/2014	180	3.50	64,703

The Catholic Archbishop of Omaha

Notes to Financial Statements

June 30, 2020 and 2019

<u>Entity</u>	<u>City</u>	<u>Purpose</u>	<u>Date of Debt</u>	<u>Term (Months)</u>	<u>Interest Rate</u>	<u>June 30, 2020</u>
St. Columbkille	Papillion	Purchase Property	3/21/2014	180	3.50	\$ 26,754
St. Columbkille	Papillion	Refinance Debt	2/28/2012	120	3.32	2,470,000
St. Paul Plainview	Plainview	Parish Hall Loan	12/20/2013	240	3.50	63,964
St. Michael	South Sioux	Parish Hall Loan	9/21/2018	240	3.50	252,015
St. Wenceslaus	Omaha	Construction	1/17/2020	240	4.80	5,701,204
St. Wenceslaus	Omaha	Bridge Loan	10/25/2019	60	3.50	2,700,000
Skutt High School	Omaha	Multi-Faceted Project	7/24/2019	60	3.50	1,500,000
St. Matthew Bellevue	Bellevue	Construction	5/21/2020	420	3.50	1,223,594
St. Margaret Mary	Omaha	Purchase Property	1/3/2020	240	3.50	1,033,947
St. Robert Bellarmine	Omaha	Early Learning Center	10/16/2019	301	3.50	644,359
St. Bonaventure	Columbus	Bridge Loan	4/22/2020	240	3.50	590,000
St. Peter and Paul	Omaha	HVAC System	9/10/2019	300	3.50	109,780
St. Bernards	Omaha	Operations	3/1/2020	Line of Credit	3.75	100,000
St. Joseph	Springfield	Parking Lot	12/11/2019	240	3.50	98,169
						\$ 38,546,159

Management of the Organization does not anticipate having to make payments on these guarantees.

COVID-19

During 2020, the spread of COVID-19 has caused governments and businesses to take drastic measures which led to volatility in investment portfolios. The Organization is in the process of evaluating the potential impact of COVID-19 on its operating results.

Lutz